

Message Text

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R 150124Z JUL 76
FM SECSTATE WASHDC
TO AMEMBASSY TEHRAN

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E.O. 11652: N/A

TAGS:BEXP, ECRE, USIRJC, IR

SUBJECT:WORKING GROUP ON HOUSING

REF: TEHRAN 5130

1. AT MEETING HELD AT HUD MAY 20 WITH RONALD STEGALL AND REPRESENTATIVES OF STATE, COMMERCE AND AID, VICE-MINISTER SIMONIAN GAVE HIS VIEWS ON CURRENT HOUSING PICTURE IN IRAN AND DISCUSSED FUTURE ROLE OF HOUSING WORKING GROUP. LETTER FOR SIMONIAN FROM STEGALL BEING POUCHED TO EMBASSY CONTAINS SUMMARY OF DISCUSSION. ON MAY 21 SIMONIAN VISITED A TOLEDO BUILDING SITE AND AKRON PLANT OF FCE-DILLON SYSTEM AS GUEST OF TOM DILLON AND BILL HOFFMAN (NATIONAL CORPORATION FOR HOUSING PARTNERSHIPS).

2. WE AGREED THAT HOUSING WORKING GROUP HAD MADE GOOD PROGRESS IN ITS FIRST YEAR TOWARD CREATING BETTER UNDERSTANDING BY IRANIANS OF AMERICAN HOUSING CAPABILITIES AND TECHNOLOGY, AND U.S. INDUSTRIALIZED HOUSING MANUFACTURERS HAD GAINED KNOWLEDGE OF IRANIAN HOUSING REQUIREMENTS AND BOTH OPPOR-
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TUNITIES AND PROBLEMS OF SELLING IN THAT MARKET. THIS HAD

BEEN ACHIEVED THROUGH CONSIDERABLE EXCHANGE OF INFORMATION AND INCREASED PERSONAL CONTACTS OF GOVERNMENT OFFICIALS AND PRIVATE SECTOR EXECUTIVES THROUGH VISITS TO RESPECTIVE COUNTRIES.

3. FUTURE ROLE OF WORKING GROUP COULD MOST USEFULLY BE DIRECTED AT ACTIVITIES DESIGNED TO BROADEN THIS UNDERSTANDING AND PERSONAL CONTACTS. TWO SUGGESTIONS UNDER CONSIDERATION ARE:

A. A POSSIBLE TECHNICAL SEMINAR TO BE HELD IN TEHRAN. SIMONIAN SAID THE DANES HAD HELD, OR ARE ABOUT TO HOLD, SUCH A SEMINAR AND HE WOULD RECOMMEND POSSIBLE THEMES ON HIS RETURN TO TEHRAN IN JULY.

B. A MEETING OF THE WORKING GROUP TO BE HELD IN THE U.S. NEXT JANUARY, TIMED TO COINCIDE WITH THE NATIONAL HOME BUILDERS CONFERENCE AND EXHIBITION, THE LARGEST SHOW OF THIS TYPE IN THE U.S.

SINCE THESE INITIATIVES WOULD INVOLVE COMMITMENT OF FINANCIAL RESOURCES, DETAILS REMAIN TO BE WORKED OUT AND WILL FOLLOW BY SEPARATE CABLE.

4. EXCEPT FOR WAYS OF SPEEDING UP FLOW OF INFORMATION, WE DID NOT RAISE OTHER POINTS IN EMBASSY'S REFTEL AS WE FELT IT PREFERABLE TO DISCUSS THESE WITH U.S. SECTION OF HOUSING GROUP FIRST. HOWEVER, TO MAKE THE WORKING GROUP A MORE EFFECTIVE INSTRUMENT IN FULFILLING ITS PURPOSE OF PROMOTING U.S. PARTICIPATION IN MEETING IRANIAN NEEDS FOR HOUSING, WE BELIEVE IT WILL BE NECESSARY TO DISCUSS AND SEEK RESOLUTION OR ALLEVIATION OF SOME OF THE PROBLEM AREAS WHICH HAVE BECOME EVIDENT. EXAMPLES ARE:

A. NEED TO DEVELOP WAYS OF ASSISTING GOI TO DETERMINE TECHNICAL AND FINANCIAL CAPABILITIES OF U.S. COMPANIES. WE FIND THIS NEED IS ALSO OF INTEREST TO U.S. FIRMS SEEKING TO ENTER IRANIAN AND OTHER MIDDLE EAST MARKETS. WE HOPE TO MAKE SOME PROGRESS ON THIS WORKING WITH U.S. SECTION OF HOUSING GROUP.

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B. MORE PRACTICAL PAYMENT AND FINANCING TERMS WILL BE REQUIRED ON PART OF IRANIANS. TERMS LIKE THOSE ON THE CONSTRUCTION BANK TENDER ARE NOT ATTRACTIVE TO AND BEYOND FINANCIAL CAPABILITY OF MANY AMERICAN FIRMS.

C. RESOLUTION OF PROBLEM OF SUPPLYING TECHNICAL EXPERTS ON BASIS OF MUTUAL BENEFIT TO BOTH SIDES.

D. SURETY BOND VERSUS BANK GUARANTEE ISSUE (SIMONIAN SAID GOI WAS STUDYING THIS).

5. IN ADDITION, AND TO ASSIST OUR TRADE PROMOTION EFFORTS, WE NEED LIST OF IRANIAN FIRMS IN CONSTRUCTION AND HOUSING FIELDS WHICH WOULD BE INTERESTED IN JOINT VENTURES WITH AMERICAN BUILDERS. COMMERCE'S CURRENT (1973) TRADE LIST FOR IRAN CONTAINS NO FIRMS IN RESIDENTIAL BUILDING FIELD (SIC CODES 1521, 1522 AND 1523), 12 GENERAL CONTRACTORS AND OPERATIVE BUILDERS (SIC 1500), ONE WOOD PREFAB HOUSING COMPANY (SIC 2451), NO PREFAB CONCRETE HOUSING BUILDERS AND 3 IN PREFAB METAL HOUSING (SIC 3448). WE SHOULD NOTE THAT SIMONIAN INDICATED IRANIAN HOUSING BUILDERS AND MANUFACTURERS NOT NECESSARILY BEST JOINT VENTURE PROSPECTS. HE SUGGESTED LARGER ESTABLISHED IRANIAN FIRMS SEEKING TO DIVERSIFY SUCH AS BEHSHAR GROUP (POSSIBLE JOINT VENTURE PARTNER WITH DILLON/NCHP) MIGHT BE BETTER PARTNERS. EMBASSY'S SUGGESTIONS FOR FIRMS OF THIS TYPE ALSO WOULD BE HELPFUL TO EXTENT POSSIBLE.

6. SIMONIAN SAID HIS MINISTRY WAS PREPARING MASTER LIST OF LOCATIONS FOR 20 PREFAB HOUSING FACTORIES APPARENTLY WITH PRIORITY RANKING AND TIMETABLE FOR THEIR CONSTRUCTION. EMBASSY'S ASSISTANCE IN GETTING US THIS INFORMATION AS SOON AS POSSIBLE WILL BE APPRECIATED.

7. COMPANIES WHICH SUBMITTED PROPOSALS ON MORTGAGE BANK AND EXPATRIATE HOUSING PROGRAMS ARE INQUIRING AS TO STATUS OF THEIR BIDS. CAN EMBASSY INFORM US WHICH COMPANIES HAVE BEEN SELECTED SO FAR AND IF SELECTION FOR FIRST GROUP OF HOUSING UNITS HAS BEEN COMPLETED? PLEASE ADVISE ALSO STATUS CONSTRUCTION BANK PROGRAM.

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8 ACTION REQUESTED:

A. ADVISE SOONEST SIMONIAN'S THEMES OR TOPIC SUGGESTIONS FOR SEMINAR.

B. SEND US INFORMATION IN 6 AND 7 ABOVE AS SOON AS POSSIBLE.

C. IDENTIFY IRANIAN COMPANIES YOU MAY CURRENTLY BELIEVE GOOD PROSPECTS AS JOINT VENTURE PARTNERS FOR U.S. COMPANIES. KISSINGER

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